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**FISCAL IMPACT STATEMENT**

**LS 7173**

**BILL NUMBER:** SB 490

**NOTE PREPARED:** Feb 20, 2009

**BILL AMENDED:** Feb 19, 2009

**SUBJECT:** Property Taxes.

**FIRST AUTHOR:** Sen. Broden

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** (Amended) This bill permits a county to provide a property tax replacement credit against county property tax levies to taxpayers in certain taxing districts in which the assessed valuation subject to property tax exemption is proportionally greater than the average assessed valuation (weighted for the relative taxable assessed value) subject to exemption in other taxing districts in the county. It specifies that a property tax replacement credit may be provided only in counties in which the percentage of assessed valuation subject to exemption for at least one taxing district is at least 20% greater than the county average.

The bill imposes a property tax levy to replace the revenue lost due to the credit in each taxing district in which the assessed valuation subject to exemption is proportionally less than the average assessed valuation subject to exemption in other taxing districts in the county. It specifies that the property taxes imposed to replace the lost revenue are not subject to the property tax levy limits.

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** (Revised) There are 20 counties in which there is at least one taxing district where the percentage of gross AV exempted is at least 20% higher than the county average. Within those 20

counties there are 142 taxing districts where the percentage of gross AV exempted is higher than the county average and 473 districts where the exempt percentage is lower than the county average.

Beginning with property taxes payable in 2010, counties may adopt an ordinance to impose an additional levy in the “low exemption” districts to provide property tax credits in the “high exemption” districts. If all affected counties adopted the ordinance, taxpayers in the 142 “high exemption” districts would receive about \$18.3 M in property tax credits and the property tax levy in the 473 “low exemption” districts would increase by the same amount.

The property tax levy would not be subject to the county’s maximum levy limits. The additional levy could increase circuit breaker credits in areas where the circuit breaker has been triggered.

**State Agencies Affected:** Department of Local Government Finance.

**Local Agencies Affected:** County auditors.

**Information Sources:** County auditor abstracts.

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